

**LAFAYETTE ASSOCIATION FOR  
RETARDED CITIZENS, INC.  
Lafayette, Louisiana**

**AUDIT REPORT  
June 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/2/02

**V. L. AULD & ASSOCIATES  
Certified Public Accountants  
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# V. L. AULD & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of the gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of Lafayette Association for Retarded Citizens, Inc., as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2001, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

V. L. AULD & ASSOCIATES

Certified Public Accountants

Lafayette, Louisiana  
November 15, 2001

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FINANCIAL POSITION  
June 30, 2001

ASSETS

CURRENT ASSETS

Cash	\$1,016,511
Accounts Receivable (net of allowance for doubtful accounts of \$15,000)	345,040
Contributions Receivable	8,750
Inventory	17,140
Deposits	<u>20,514</u>

Total Current Assets		\$1,407,955
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OTHER ASSETS

Certificate of Deposit	500,000
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COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$3,714,957
Furniture and Fixtures	95,457
Machinery and Equipment	402,661
Transportation Equipment	362,817
Land	<u>112,099</u>
Totals	\$4,687,991
Less: Accumulated Depreciation	<u>2,561,931</u>

Total Plant Assets		<u>2,126,060</u>
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TOTAL ASSETS

\$4,034,015

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FINANCIAL POSITION  
June 30, 2001

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 70,781
Accrued Payroll and Payroll Taxes	84,091
Deferred Revenue	<u>1,750</u>

Total Current Liabilities		\$ 156,622
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NET ASSETS

Unrestricted	
Operating	\$1,751,333
Plant Assets	<u>2,126,060</u>

Total Net Assets		<u>3,877,393</u>
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TOTAL LIABILITIES AND NET ASSETS		<u>\$4,034,015</u>
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See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2001

		<u>Unrestricted Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public Support		
Program Revenues	\$3,822,369	
Contributions	129,052	
Special Events	<u>182,843</u>	
Total Public Support		\$4,134,264
Revenue		
Other Revenue	\$ 10,969	
Interest Income	64,045	
Membership Dues	3,786	
Gain on Sale of Assets	<u>26,214</u>	
Total Revenue		<u>105,014</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>		<u>\$4,239,278</u>
<b>FUNCTIONAL EXPENSES</b>		
Program Services		
Client Development	\$1,068,499	
Housing	1,328,366	
Respite	330,468	
Early Intervention	234,674	
Supported Work Systems	39,022	
Acadian Village	<u>341,777</u>	
Total Program Services		\$3,342,806
Supporting Services		
Management and General	\$ 404,630	
Fund-raising	<u>150,865</u>	
Total Supporting Services		<u>555,495</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>		\$3,898,301
<b>INCREASE IN NET ASSETS</b>		\$ 340,977
<b>NET ASSETS, BEGINNING OF YEAR</b>		<u>3,536,416</u>
<b>NET ASSETS, END OF YEAR</b>		<u>\$3,877,393</u>

See accountants' report and accompanying notes to financial statements.



LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2001

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS	
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Management & General		Fund-raising
Salaries	\$ 557,397	\$ 710,797	\$ 246,916	\$ 49,885	\$ 24,133	\$ 143,557	\$ 194,028	\$ 22,425	\$ 1,949,138
Client Salaries	146,469								146,469
Payroll Taxes	52,614	54,115	18,456	3,759	1,724	10,678	14,681	1,701	157,728
Employee Benefits	53,026	54,955	7,884	5,721	4,009	5,297	12,458		143,350
Pension Plan Contribution	5,225	5,585	1,866	1,490	887	2,418	4,883		22,354
TOTAL SALARIES & RELATED EXPENSES									
	\$ 814,731	\$ 825,452	\$ 275,122	\$ 60,855	\$ 30,753	\$ 161,950	\$ 226,050	\$ 24,126	\$ 2,419,039
Cost of Goods Sold						56,249			56,249
Work Activity Expense	42,054								42,054
Insurance	40,190	33,069	8,999	2,272	2,086	22,906	11,953		121,475
Professional Services	24	86,860	72	139,023		960	26,738	19,750	273,427
Utilities & Garbage	28,499	36,245	8,159	2,388	1,861	18,859	4,984		100,995
Food	7,846	55,401	9,523			2,084			74,854
Supplies	17,345	52,273	7,411	5,283	24	5,844	11,937		100,117
Repairs & Maintenance	7,571	11,449	1,428	979	38	14,926	31,886		68,277
Vehicle Repairs & Maintenance	18,852	6,484	1,241				784		27,361
Fuel	22,744	8,363	894			202	1,223		33,426
Telephone	3,585	8,661	3,082	3,936	1,064	5,624	6,635		32,587
Travel	2,780	10,127	521	8,788	2,416	4,451	13,527		42,610
Conferences	1,597	734	270	3,219		407	4,072		10,299

See accountants' report and accompanying notes to financial statements.



LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2001

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Management & General	Fund-raising
Taxes & Licenses		136,754	1,006	317				
Postage	158	189	88	294	7	519	1,548	
Promotion & Advertising						21,249		
Dues & Subscriptions		675				795	16,555	
Performers & Artisans						2,476		
Interest Expense	185							
Equipment Lease	2,559	4,506	967	3,196			7,673	
Special Events								93,343
Miscellaneous Expense	155	2,181	157			3,458	8,493	
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	\$ 1,010,875	\$ 1,279,423	\$ 318,940	\$ 230,550	\$ 38,249	\$ 322,959	\$ 374,058	\$ 137,219
Depreciation	57,624	48,943	11,528	4,124	773	18,818	30,572	
TOTAL FUNCTIONAL EXPENSES	\$ 1,068,499	\$ 1,328,366	\$ 330,468	\$ 234,674	\$ 39,022	\$ 341,777	\$ 404,630	\$ 150,865

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2001

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 340,977
Adjustments to Reconcile Decrease in Net Assets to	
Net Cash Used by Operating Activities	
Depreciation	186,028
Gain on Sale of Assets	(26,214)
(Increase) Decrease in Operating Assets	
Accounts Receivable	(42,397)
Inventory	9,087
Deposits	(9,577)
Due from Foundation for Retarded Citizens	14,301
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(25,290)
Accrued Payroll and Payroll Taxes	4,019
Deferred Revenue	<u>(26,251)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 424,683</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sale of Assets	\$ 101,485
Payments for Property and Equipment	<u>(621,933)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>\$ (520,448)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Long-Term Debt	<u>\$ (9,056)</u>
<b>NET DECREASE IN CASH</b>	\$ (104,821)
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,121,332</u>
<b>CASH AT ENDING OF YEAR</b>	<u><u>\$1,016,511</u></u>
 <b>SUPPLEMENTAL DISCLOSURES</b>	
Interest Paid	<u><u>\$ 185</u></u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.  
Lafayette, Louisiana  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southern Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission and gift shop sales. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$318,037 of total plant assets (net of \$1,160,944 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for assets valued at appraisal value is \$12,686 and for assets valued at historical cost is \$173,342. The Association has \$284,930 of buildings with historical value exempt from depreciation in accordance with SFAS No. 93.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

ACCOUNTS RECEIVABLE

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

## FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefitted.

## CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

## INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

## ADVERTISING COSTS

Advertising costs of \$21,249 were expensed as incurred.

## NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution is expected to be collected by December, 2001. Therefore, no allowance for uncollectible pledges has been recorded.

## NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains significant amounts of cash in several accounts with Bank One. At times, the balances in these accounts may exceed federally insured limits. The Association has not experienced any losses in these accounts. The Association believes it is not exposed to any significant credit risk on cash.

Credit risk with respect to receivables is limited because the Association deals primarily with governmental agencies.

## NOTE 4 - COLLECTIONS

The Association is the recipient of 17 original oil paintings by the internationally known artist George Rodrigue. No ownership restrictions are imposed on the Association. The Association presents the collection of paintings for public viewing in a separate and secure art gallery. Also included in the collection is a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Dafford. The Association elects not to capitalize its collections.



#### NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to decrease depreciation expense and thereby increase net assets by \$11,336 for the current year.

#### NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The current collective bargaining agreement expires October 31, 2002. In the Association's opinion, the collective bargaining agreement will have no material adverse effect on operations.

#### NOTE 7 - LITIGATION

The Association is involved in one lawsuit. Legal counsel advises the likelihood of an unfavorable outcome is relatively low. This matter is covered by insurance and is unlikely to have a material effect on the financial position of the Association.

#### NOTE 8 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary controller of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

#### NOTE 9 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

#### NOTE 10 - EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$22,354 was made for the year ended June 30, 2001.

#### NOTE 11 - LEASES

The Association leases five copiers and a mailing system under operating leases expiring between September, 2002, and December, 2004. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2001, is \$18,901.

Minimum future rental payments under non-cancelable operating leases for each of the next five years and in the aggregate are:

Year Ending June 30, 2002	15,926
Year Ending June 30, 2003	13,941
Year Ending June 30, 2004	7,632
Year Ending June 30, 2005	2,158
Year Ending June 30, 2006	<u>-0-</u>
Total minimum future rental payments	<u>\$39,657</u>

#### NOTE 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2001, the Association traded three of its vehicles and purchased five used vehicles from a corporation primarily owned by a member of the LARC Board of Directors. The new vehicles cost a total of \$104,503. The trade-in allowance for the three old vehicles totaled \$16,200. The Association engaged the same corporation to perform general maintenance and minor repairs on several of its vehicles. Amounts paid for these services for the year ended June 30, 2001, totaled \$10,175.

The Association received a contribution of \$22,354 from the Foundation for Retarded Citizens, Inc. The Foundation was established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

#### NOTE 13 - RECLASSIFICATIONS

The Association reclassified \$176,704 of revenues from Other Revenue to Program Revenue on the Statement of Activities. These revenues were received from government entitlement programs on behalf of clients in the housing program.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2001

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Management & General	Fund-raising
<b>SUPPORT &amp; REVENUE</b>								
Program Revenue	\$ 1,066,099	\$ 1,820,609	\$ 376,328	\$ 243,877	\$ 28,600	\$ 286,856		\$ 3,822,369
Christmas Program							\$ 82,395	\$ 182,843
Other	32,909	32,686	20,225	1,511	887	63,453		234,066
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>\$ 1,099,008</b>	<b>\$ 1,853,295</b>	<b>\$ 396,553</b>	<b>\$ 245,388</b>	<b>\$ 29,487</b>	<b>\$ 350,309</b>	<b>\$ 82,395</b>	<b>\$ 4,239,278</b>
<b>EXPENSES</b>								
Salaries	\$ 557,397	\$ 710,797	\$ 246,916	\$ 49,885	\$ 24,133	\$ 143,557	\$ 194,028	\$ 1,949,138
Client Salaries	146,469							146,469
Payroll Taxes	52,614	54,115	18,456	3,759	1,724	10,678	14,681	157,728
Employee Benefits	53,026	54,955	7,884	5,721	4,009	5,297	12,458	143,350
Pension Plan Contribution	5,225	5,585	1,866	1,490	887	2,418	4,883	22,354
Cost of Goods Sold						56,249		56,249
Work Activity Expense	42,054							42,054
Insurance	40,190	33,069	8,999	2,272	2,086	22,906	11,953	121,475
Professional Services	24	86,860	72	139,023		960	26,738	273,427
Utilities & Garbage	28,499	36,245	8,159	2,388	1,861	18,859	4,984	100,995
Food	7,846	55,401	9,523			2,084		74,854
Supplies	17,345	52,273	7,411	5,283	24	5,844	11,937	100,117
Repairs & Maintenance	7,571	11,449	1,428	979	38	14,926	31,886	68,277
Vehicle Repairs & Maintenance	18,852	6,484	1,241				784	27,361

See accountants' report and accompanying notes to financial statements.



LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2001

	PROGRAM SERVICES						SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Early Intervention	Supported Work System	Acadian Village	Management & General	Fund-raising	
Fuel	22,744	8,363	894			202	1,223		33,426
Telephone	3,585	8,661	3,082	3,936	1,064	5,624	6,635		32,587
Travel	2,780	10,127	521	8,788	2,416	4,451	13,527		42,610
Conferences	1,597	734	270	3,219		407	4,072		10,299
Taxes & Licenses		136,754	1,006	317					138,077
Postage	158	189	88	294	7	519	1,548		2,803
Promotion & Advertising						21,249			21,249
Dues & Subscriptions		675				795	16,555		18,025
Performers & Artisans						2,476			2,476
Interest Expense	185								185
Equipment Lease	2,559	4,506	967	3,196			7,673		18,901
Christmas Program								93,343	93,343
Miscellaneous Expense	155	2,181	157			3,458	8,493		14,444
Depreciation	57,624	48,943	11,528	4,124	773	18,818	30,572	13,646	186,028
TOTAL EXPENSES	\$ 1,068,499	\$ 1,328,366	\$ 330,468	\$ 234,674	\$ 39,022	\$ 341,777	\$ 404,630	\$ 150,865	\$ 3,898,301
INCREASE (DECREASE) IN NET ASSETS	\$ 30,509	\$ 524,929	\$ 66,085	\$ 10,714	\$ (9,535)	\$ 8,532	\$ (322,235)	\$ 31,978	\$ 340,977

See accountants' report and accompanying notes to financial statements.

# V. L. AULD & ASSOCIATES

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Lafayette, Louisiana 70506

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

We have audited the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued our report thereon, dated November 15, 2001. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be

material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Association in a separate letter dated November 15, 2001.

This report is intended solely for the information and use of the Board of Directors and Management of Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties.

V. L. AULD & ASSOCIATES

Certified Public Accountants

Lafayette, Louisiana  
November 15, 2001

# **V. L. AULD & ASSOCIATES**

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## **MANAGEMENT LETTER**

The Board of Directors  
Lafayette Association for  
Retarded Citizens, Inc.  
Lafayette, Louisiana

In planning and performing our audit of the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) for the year ended June 30, 2001, we considered the Association's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on the Association's internal control in our report dated November 15, 2001.) This letter does not affect our report dated November 15, 2001, on the financial statements of the Association.

We will review the status of these comments during our next audit engagement. We have discussed these comments with Management and we can discuss them in further detail at your convenience.

### **2001-1. Medicaid Billings**

Numerous errors were found resulting in delays in collecting a significant amount of revenue. These errors could cause material misstatements in Accounts Receivable and Program Revenue. We recommend that the personnel originating these billings be provided with the proper training and supervision. We also recommend that an aging of accounts receivable be prepared to monitor outstanding billings.

This report is intended solely for the information and use of the Board of Directors, Management, and others within the organization and is not intended and should be used by anyone other than these specified parties.

**V. L. AULD & ASSOCIATES**

**Certified Public Accountants**

Lafayette, Louisiana  
November 15, 2001



# ALLEMAN CENTER

*Serving the Developmentally Disabled in Acadiana since 1952*



Lafayette Association for  
Retarded Citizens, Inc.

303 NEW HOPE ROAD  
LAFAYETTE, LA 70506  
(337) 984-6110 • FAX (337) 984-1102



PEOPLE HELPING PEOPLE  
United Way

December 12, 2001

Mr. Daniel G. Kyle, Ph.D, CPA, CFE  
Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: Management's Corrective Action Plan

Dear Mr. Kyle:

The Lafayette Association for Retarded Citizens, Inc., respectfully submits the following corrective action plan for the year ending June 30, 2001.

## Audit Report

1979-1. Buildings are recorded at appraisal values.

Recommendation: Our auditors informed us this qualification should continue until the appraised assets are disposed.

Action Taken: At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.

## Management Letter

2001-1. Medicaid Billings

Recommendation: It was recommended that the personnel originating these billings be provided with the proper training and supervision. It was also recommended that an aging of accounts receivable be prepared to monitor outstanding billings.

Action Taken: LARC has experienced a sizable increase of waiver clients the past two years. The very nature of the waiver billing process to the State of Louisiana is very cumbersome. Our accounts receivable has increased both in dollar volume and administrative work. In order to have

a better, manageable accounts receivable system, LARC has hired an additional clerk assigned to the Accounts Receivable section. This clerk is supervised by the Finance Manager. In addition, we have implemented a computerized accounts receivable monitoring system to track outstanding bills.

Should you have any additional questions regarding this plan, please do not hesitate to contact me at the above number.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerald Domingue". The signature is fluid and cursive, with the first name "Gerald" written in a larger, more prominent script than the last name "Domingue".

Gerald Domingue  
Executive Director

Jll



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Retarded Citizens, Inc.

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## LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2001

### 1979 – 1. Buildings are recorded at appraised values.

**Condition:** Certain buildings were restated to appraisal values on May 1, 1979. Generally accepted accounting principles require assets to be stated at acquisition cost, or if donated, recorded at their fair market value at the date of gift. This situation requires a qualification in the audit report.

**Recommendation:** Our auditors informed us this qualification should continue until the appraised assets are disposed.

**Current Status:** At this time, we have no plans to take corrective action. It is unreasonable for us to sell the appraised buildings, as they are an essential part of the Association's operations.

### 2000 – 1. Reconciliation of Bank Accounts.

**Condition:** Uncleared checks totaling more than \$11,000 were listed as outstanding and should have been voided. This understated cash.

**Recommendation:** It was recommended that the appropriate personnel should review uncleared checks as to length of time outstanding and make necessary adjustments as needed.

**Current Status:** A system to review uncleared checks and monitor dates checks were issued has been put in place.

### 2000 – 2a. Work Activity Billings

**Condition:** Audit confirmations discovered one customer had not received an invoice, and another customer had not received invoices in a timely manner. This was because the person in charge submitted records to the accounting department but failed to mail the invoice to the customer.



Recommendation: It was recommended that the personnel originating these billings should be advised of the problems and monitored.

Current Status: A computer program has been set up to monitor invoices submitted to insure customers are receiving invoices in a timely manner.

#### 2000 – 2b. Respite Billings

Condition: Significant errors, both over and under billing, were found. These errors could cause material misstatements resulting in the case of an over billing in a potential liability to return funds.

Recommendation: It was recommended that the personnel originating these billings should be advised of the problems and monitored.

Current Status: The Housing Department has assigned an experienced secretary to monitor and review all billings before they are submitted to the State. The personnel originating these billings have been advised of the problems and have been instructed to coordinate the review process with the secretary assigned that duty.

#### 2000 – 3. Payroll

Condition: Twice the same employee submitted two time sheets for the same pay period. The time sheets were not submitted in the same pay period. Therefore, the payroll clerk did not notice the duplication. The employee was paid twice, about \$600. The employee's supervisor approved the time sheet in both cases.

Recommendation: The supervisor approving the time sheets should be advised of the problems and monitored. In addition, management should establish a system to prevent supplication of time sheets where the primary responsibility resides with the employee's supervisor.

Current Status: We have changed the time sheet reporting system for Respite Program employees working away from the home base operation. These employees are mailed pre-dated time sheets for each pay period on which they fill in their time on the days worked. Upon receipt of the completed time sheets, we then compare the reported time with the job assignments. This not only prevents duplication of time sheets, but also serves as verification of "billing time" for governmental purposes.

#### 2000 – 4. Bid Policies

Condition: The purchase of a tractor was not within the Association's bid policy on purchases.

Recommendation: Management should seek the advice and consent of the Board when a variance from the policies of the Association occurs.

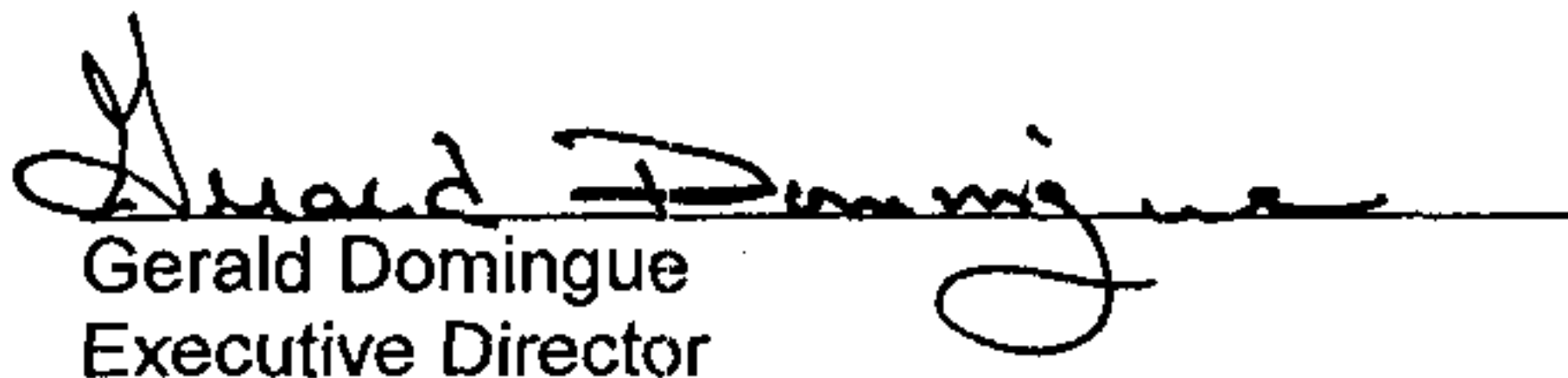
Current Status: The Board of Directors amended the purchasing policy for purchases over \$1000.

#### 2000 – 5. Accounts Payable Records

Condition: The filing of paid invoices lacks organization. Vendor's invoices were frequently placed in the wrong files, e.g., Paul Toce in BellSouth, The Daily Advertiser in Cox Communications. Properly filed invoices are not only necessary for audit reasons but also to make the records useful to management.

Recommendation: A supervisor should periodically monitor the accounts payable files.

Current Status: Due to the increased volume of filing, an extra clerical helper was hired and assigned her filing responsibilities. In addition, the Finance Manager will periodically monitor the filing to insure proper filing is maintained.

  
Gerald Domingue  
Executive Director